

Fiscal Estimate - 2009 Session

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

LRB Number 09-4257/1	Introduction Number AB-0780
Description Elimination of surplus retention limitations for residential care centers for children and youth, group homes, and child welfare agencies that provide rate-based services for the Department of Children and Families or a county department of human services or social services; determination of the rates charged by those providers; establishment of a performance-based contracting system for those providers; and requiring the exercise of rule-making authority	
Fiscal Effect State: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 33%;"> <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 33%;"> <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div> <input type="checkbox"/> Decrease Costs </div> </div> Local: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate <div style="display: flex;"> <div style="width: 50%;"> 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 50%;"> 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> </div> </div> <div style="width: 33%;"> 5. Types of Local Government Units Affected <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> Towns <input type="checkbox"/> Counties <input type="checkbox"/> School Districts </div> <div style="width: 33%;"> <input type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts </div> <div style="width: 33%;"> <input type="checkbox"/> Cities </div> </div> </div> </div>	
<div style="display: flex; justify-content: space-between;"> <div> Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS </div> <div> Affected Ch. 20 Appropriations </div> </div>	
Agency/Prepared By DCF/ Nick Bubb (608) 266-5422	Authorized Signature Robert Nikolay (608) 261-4349
Date 3/2/2010	

Fiscal Estimate Narratives

DCF 3/2/2010

LRB Number	09-4257/1	Introduction Number	AB-0780	Estimate Type	Original
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Assumptions Used in Arriving at Fiscal Estimate

Under current law, the amount of surplus revenue that a child welfare agency, residential care center or group home may retain is limited. This bill would remove the current restriction that limits the surplus that an agency may retain through a rate-based service in a contract period to five percent of the contract amount and allow DCF to grant an exception to the requirements that apply to a provider if the amount of surplus funds accumulated from all contract periods for a rate-based service exceeds ten percent of the amount of all current contracts for that service. Because of rate regulation, adjustments to provider reserves would not affect provider rates in the short term. However, reserve adjustments could reduce refunds to county child welfare agencies or increase reserve driven rate adjustments. The fiscal impact of this provision is unknown.

Also under current law, the Department of Children and Families has the authority to review and negotiate the service and administrative rates based on prescribed factors, and requires residential care centers and group homes to annually submit to DCF the rates it proposes to charge for services and administrative costs. The bill adds the changes to the consumer price index and whether the provider is accredited as additional factors to consider in reviewing a proposed rate. The bill also allows a provider to appeal a rate set by DCF after mediation as a contested case under Ch. 227.

This bill also provides a process for establishing a performance-based contracting system for providers over a three-year period beginning on January 1, 2011. The process includes an advisory committee to identify measures by which to evaluate performance and develop payment levels that correspond to the achievement of these measurements. This bill requires that DCF begin performance based contracting in calendar year 2013.

Performance based contracting requires collecting and analyzing performance data from residential care providers. Some performance data may be generated from out-of-home placement data in eWiSACWIS for children. Other performance data may be generated from information collected by providers. The Department will need 1.0 FTE program and planning analyst position to develop eWiSACWIS data and coordinate information collection activities with providers. The cost of this position is estimated at \$96,100 annually.

Performance base contracting also requires additional contact with residential care providers to verify information submitted to the Department and to monitor provider compliance with requirements for performance based reimbursements. The Department will need 2.0 FTE child welfare licensing specialist positions in the Division of Safety and Permanence child welfare licensing section to verify information and monitor providers. The cost of these positions is estimated at \$182,800 annually.

Modifications will be needed to the eWiSACWIS system to support data collection activities, including developing the capacity for providers to submit information in an automated manner that can be matched with existing child records in the system. These improvements are estimated at a one-time cost of \$250,000.

The use of performance based reimbursements could lead to increased out-of-home care costs for children placed with providers that receive higher reimbursement amounts based on higher levels of performance. Increased payment costs for some providers could be offset by shorter lengths of stay in placement, placement in less intensive levels of care, and reduced rates of re-entry to out-of-home care. The net fiscal impact on out-of-home care costs will depend on how the performance-based contracting is implemented, including whether reimbursement is reduced for providers with poor performance.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$250,000 in one-time information technology programming changes.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$278,900	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$278,900	\$
B. State Costs by Source of Funds		
GPR	220,300	
FED	58,600	
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	State	Local
NET CHANGE IN COSTS	\$278,900	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
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		3/2/2010